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SUBJECT: MEDIA MAGNATE GRIPES TO THE AMBASSADOR ABOUT
KIRCHNER

CLASSIFIED BY: AMBASSADOR E. ANTHONY WAYNE; 1.4 (b), (d)

SUMMARY

¶1. (C) In a lunch punctuated by misgivings about the Kirchner Administration, ailing Clarin giant Hector Magnetto conveyed to the Ambassador that his vigor has not waned, despite a throat cancer that has diminished his ability to communicate. As the Ambassador was feted by Clarin's top brass, May 7, Magnetto appeared in good form and fully in charge of Argentina's most powerful media conglomerate as it challenges a government facing its first major political scandal since it took power four years ago. The main complaints against K focused on the lack of political dialogue and his economic policies. The Clarin elite also suggested their opposition to Chavez. Clarin's executives reiterated appreciation for the Ambassador's helpful actions to promote the U.S. standard for digital television and gave an update on the status of the decision. END SUMMARY.

THE POWER OF CLARIN

¶2. (SBU) Hector Magnetto, CEO and President of Argentina's largest multimedia conglomerate, the Clarin Group, hosted Ambassador Wayne for lunch May 7, an invitation extended months before, but delayed due to Magnetto's ongoing fight with throat cancer. Magnetto brought with him the two men most often named to succeed him: Vice President Jose Aranda and Director of External Relations Jorge Rendo. Also present were Ricardo Kirschbaum, Editor-in-Chief of the powerful group's flagship, the daily newspaper Clarin, and leading political columnist, Eduardo Van der Kooy. Ambassador Wayne was accompanied by the DCM, PAO, IO and the Senior FSN Press Specialist.

¶3. (SBU) The over-60-year-old newspaper, Clarin, is the best-selling paper in the country, with a weekly circulation of 400,000, which swells to 700,000 on Sundays. Two decades ago, the Clarin Group began diversifying its business both within and outside the journalism industry, to become a powerhouse. It owns shares in the two largest provincial papers, La Voz del Interior (Cordoba) and Los Andes (Mendoza), in addition to La Razon, the DyN news agency and Pagina 12. It has printing companies and a controlling share

(in conjunction with rival La Nacion and in partnership with the government) in the country,s main newsprint firm, Papel Prensa. It owns three radio stations, including award-winning Radio Mitre. Clarin also wields important influence in television, with ownership of open-air Channel 13 and the creation in 1994 of Argentina,s first 24-hour cable news channel, Todo Noticias. Moreover, it owns the country,s two largest cable distribution companies: Multicanal and Cablevision, although the latter awaits final approval from the government committee responsible for defending competition. It has internet holdings and maintains a charitable arm, the Noble Foundation.

¶4. (SBU) The Clarin Group employs 7800 people. Figures on its estimated worth are not available publicly, though one executive ventures that it is worth three to four billion dollars. Ernestina de Noble, widow of founder Roberto Noble, and three other shareholders own 82% of the conglomerate and Goldman Sachs owns 18%. South African media giant Naspers is reported to be considering whether to acquire the Goldman Sachs stake.

¶5. (SBU) Clarin has political agenda-setting powers and is often described as having the ability to bring down governments. This is true to the degree that Clarin closely follows the tide of public opinion, which it continuously measures through polling firms. It is said that the thing Kirchner fears most and checks first each morning is Clarin,s front page. For example, it was only after Clarin started running front page stories on the Skanska corruption scandal - four months after it had been appearing in other papers - that Kirchner spoke in public about the case.

CLARIN NO LONGER DANCES TO KIRCHNER,S TUNE

¶6. (C) Magnetto,s ability to communicate is severely

hampered by the surgeries on his throat, which cause him to speak with the use of a special voice box. Otherise, he appeared tan and in good form, fully at the helm of the Clarin Group. He and his team expressed to Ambassador Wayne their frustration with the government,s refusal to engage in political dialogue, as demonstrated by the unrest in Kirchner,s home province, Santa Cruz, where teachers have been striking. They also complained about the inability to get an interview with Kirchner, who is famous for harassing journalists and not giving press conferences. On the economy, several complaints were made about price and export control policies, the manipulation of inflation data and inattention to long-term economic planning. The executives were baffled by a complete absence of measures that could increase and/or attract foreign and domestic investment. The views expressed indicated that despite its often left-leaning, populist content, Clarin represents Argentina,s industrial elite and its bottom line is business.

¶7. (C) Growing business gripes may explain in part Clarin,s recent decision to aggressively cover the Skanska corruption scandal, which it had downplayed for months. For several years prior, the company had refrained from such anti-government coverage because it was beholden to Kirchner for saving it from a post-crisis bankruptcy threat from foreign creditors, and also because the public was desperate for political stability. However, a series of political setbacks in several provinces, along with Clarin,s recovery to financial health, have now ended Kirchner,s grace period with the Clarin Group.

CRITICAL OF CHAVEZ

¶8. (C) Magnetto raised the question of Venezuelan President Chavez and asked if the ongoing U.S. business relationship limited the extent of U.S. concerns, reflecting Clarin,s official line that Chavez was not a real threat. In a separate conversation, a deputy to Kirschbaum told us that

the paper is firmly opposed to Chavez, despite the wide range of opinions it prints. Further to this notion, a television journalist told us that there were explicit and firm instructions to downplay coverage of Chavez,s stadium appearance while President Bush was in Uruguay. The Ambassador explained that the U.S. was concerned about Chavez,s anti-democratic policies, his concentration of power and his destruction of institutions and press freedoms, but that he posed more of a threat to democracy in other countries of the region than the U.S.

AMBASSADOR,S LOBBYING DELAYED DECISION ON DIGITAL TV

¶9. (SBU) Rendo confirmed that Ambassador Wayne,s actions to lobby for the U.S. standard for digital television had stopped the government from going through with a decision it had already made to opt for the European standard. Kirchner,s ties with Spain were cited as the driver of this preference. Internal disagreement, however, coupled with Ambassador Wayne,s strong public show in support of the U.S standard, prompted the government to postpone its decision, which will not likely be made before presidential elections in October 2007. Rendo observed that the Japanese have taken advantage of the opportunity to aggressively position themselves for more serious consideration. Rendo confirmed positive results from the trip organized by the Embassy Commercial Office with the ATSC Forum for key decision makers to attend the National Association of Broadcasters Expo and Convention in Las Vegas. The Argentines who attended returned impressed with the U.S. standard and admitted they had underestimated its benefits and capabilities. All agreed that it would be useful for U.S. ATSC partner, South Korea, to now engage the Argentines more energetically.

THE EMBASSY-CLARIN RELATIONSHIP

¶10. (C) Like President Kirchner, Clarin,s front page is one of the first things the U.S. Embassy looks at each morning. Depending on how an issue is portrayed, a Clarin headline can trigger negative reactions. For example, when a routine GSP review was portrayed by Clarin as economic sanction against Argentina, President Kirchner lashed out against the U.S in public. On a separate occasion, Clarin published the Embassy,s letter to the editor in response to an article

that reported false information about Ambassador Wayne.

¶11. (C) While the Embassy and Clarin can have a prickly relationship because the paper is not always managed in as responsible a fashion as we would like, we do have a strong working relationship. We communicate up and down the line of management, engaging in daily conversation with Clarin editors and reporters on the bilateral relationship and routinely including them in training programs in the U.S. Aside from placing our op-eds, Clarin appreciates that we actively support their journalists, professional development.

¶12. (SBU) The Ambassador asked about anti-American sentiment in Argentina, to which Magonetto responded that prevailing political views derived from two factors: 1) that the U.S is closely associated with the policies of discredited former President Menem; and 2) the conflict in Iraq. Magonetto appreciated that on the contrary, Embassy staff are received hospitably and warmly by Argentines on a personal basis. Accordingly, the Ambassador explained Embassy efforts to enhance its outreach to youth and marginalized populations. As a result, we are exploring possible areas of cooperation in education with the Noble Foundation.

COMMENT

¶13. (C) Hector Magonetto and his team left the clear impression that Clarin is no longer satisfied with the current administration,s management of the country. The

Clarín powerhouse is on the same side as the Embassy in promoting a government decision in favor of the U.S. HDTV standard, ATSC, and good business is likely to be the basis of our dialogue in the future. END COMMENT.

WAYNE